

# Memorandum

## City of Lawrence

### Finance Department

**TO:** Thomas Markus, City Manager

**FROM:** Natalia Fairchild, Accountant

**DATE:** April 10, 2019

**RE:** March 2019 Sales and Use Tax Distribution

The City received its March sales and use taxes, along with its share of County sales and use tax distribution, which totaled \$3,081,822. Of this amount, \$2,707,772 was from sales taxes (7.72% lower than March 2018); and \$345,889 was from use taxes before Tax Increment Financing Districts (TIF) was applied (15.01% higher than March 2018). The remaining \$28,161 was from sales and use taxes within the three Transportation Development Districts (TDD). While March 2019 is 5.18% less than March 2018 collections, 2019 YTD collections is up 1.89%. For more information on these taxes and to compare annual receipts with the previous year, please see the table on the next page.

#### **Sales and Use Tax Cycle**

Retail sales taxes are based on taxable retail sales at the point of the transaction. Unless specifically exempted, the sale, rental, or lease of tangible personal property, labor services to tangible personal property, and admissions to entertainment places, are all subject to sales tax. Retailers collect sales tax at the time of sale. Retailers remit sales tax collections to the State on the 25<sup>th</sup> day of the month after collection. Smaller retailers may remit sales taxes quarterly on the 25<sup>th</sup> day after the quarter of collection.

Aside from some specific exceptions, use taxes are based on the location in which the tangible property will be used. Use taxes that the City receives are made up primarily of goods which were purchased outside of Lawrence, but delivered to a Lawrence address. Use taxes also include taxes for the sale of vehicles in which the seller collected less sales tax than what a retailer would have collected within Lawrence.

Typically, the State remits both sales and use tax collections to the City during the last week of the following month. Therefore, this distribution is based on retail sales which occurred two months previous.

The City has formed three separate Transportation Development Districts (TDD) and two Tax Increment Financing Districts (TIF). A TDD has an additional sales tax added to retail sales incurred within the district as well as goods received by the district. A TIF District does not have an additional sales tax. Rather, increased sales since the establishment of the TIF district are captured for uses identified when established.

The TDD and TIF districts within the City are used to reimburse a developer for approved improvements. The receipts for the TDD and TIF are receipted into separate funds. Further performance information on the Districts may be found in the City's economic development reports <https://lawrenceks.org/ed/>.

## March Sales and Use Tax

Tax By Type	March 2018	March 2019	Month over Month Increase/ (Decrease)	% Changed
All Sales Taxes	\$2,934,442	\$2,707,772	(\$226,670)	-7.72%
All Use Taxes	\$291,232	\$345,889	\$54,657	18.77%
All Special District Taxes	\$24,486	\$28,161	\$3,675	15.01%
<b>Total Receipts</b>	<b>\$3,250,160</b>	<b>\$3,081,822</b>	<b>(\$168,337)</b>	<b>-5.18%</b>

Tax By Category	March 2018	March 2019	YTD Collected 2018	YTD Collected 2019*	Increase/ (Decrease)	% Changed
City Sales tax	\$1,346,656	\$1,238,418	\$5,437,252	\$5,374,329	(62,922.44)	-1.16%
City Use tax	129,092	153,262	\$552,847	\$695,227	142,380.60	25.75%
City Share County Sales Tax	829,303	766,018	\$3,330,950	\$3,319,433	(11,516.72)	-0.35%
City Share County Use Tax	91,140	108,333	\$389,358	\$474,923	85,565.57	21.98%
<b>Total General Fund Receipts</b>	<b>2,396,190</b>	<b>2,266,031</b>	<b>9,710,406</b>	<b>9,863,913</b>	<b>153,507.01</b>	<b>1.58%</b>
Infrastructure Sales Tax**	356,701	333,154	\$1,545,096	\$1,461,625	(83,470.20)	-5.40%
Infrastructure Use Tax	38,727	45,979	\$165,854	\$208,568	42,714.69	25.75%
<b>Total Infrastructure Receipts</b>	<b>395,429</b>	<b>379,132</b>	<b>1,710,949</b>	<b>1,670,194</b>	<b>(40,755.51)</b>	<b>-2.38%</b>
Infrastructure Sales Tax**	50,000	41,667	\$100,000	\$166,667	66,667.01	N/A
<b>Total Equip Reserve Receipts</b>	<b>50,000</b>	<b>41,667</b>	<b>100,000</b>	<b>166,667</b>	<b>66,667.01</b>	<b>N/A</b>
Transit Sales Tax	338,918	312,350	\$1,370,913	\$1,356,909	(14,003.33)	-1.02%
Transit Use Tax	32,273	38,316	\$138,212	\$173,807	35,594.89	25.75%
<b>Total Transit Receipts</b>	<b>371,191</b>	<b>350,666</b>	<b>1,509,125</b>	<b>1,530,716</b>	<b>21,591.56</b>	<b>1.43%</b>
Free State TDD	17,731	19,096	\$76,859	\$85,465	8,606.37	11.20%
<b>Total Free State Receipts</b>	<b>17,731</b>	<b>19,096</b>	<b>76,859</b>	<b>85,465</b>	<b>8,606.37</b>	<b>11.20%</b>
Oread TDD	2,647	5,576	\$22,890	\$25,935	3,045.18	13.30%
Oread TIF City Share	2,647	5,576	\$22,890	\$25,935	3,045.18	13.30%
Oread TIF City Share of County	1,508	3,187	\$13,040	\$14,824	1,783.69	13.68%
<b>Total Oread Receipts***</b>	<b>6,801</b>	<b>14,338</b>	<b>58,820</b>	<b>66,694</b>	<b>7,874.05</b>	<b>13.39%</b>
9th NH South TDD	4,109	3,489	\$15,167	\$17,661	2,493.79	16.44%
9th NH South TIF City Share	6,369	5,408	\$23,508	\$27,374	3,865.97	16.45%
9th NH South TIF City Share of Co	2,341	1,994	\$8,640	\$10,094	1,454.49	16.83%
<b>Total 9th NH South Receipts</b>	<b>12,819</b>	<b>10,892</b>	<b>47,316</b>	<b>55,130</b>	<b>7,814.25</b>	<b>16.52%</b>
<b>Total Special Districts</b>	<b>37,350</b>	<b>44,326</b>	<b>182,995</b>	<b>207,290</b>	<b>24,294.67</b>	<b>13.28%</b>
<b>Total Receipts</b>	<b>\$3,250,160</b>	<b>\$3,081,822</b>	<b>\$13,213,475</b>	<b>\$13,438,779</b>	<b>225,304.74</b>	<b>1.71%</b>

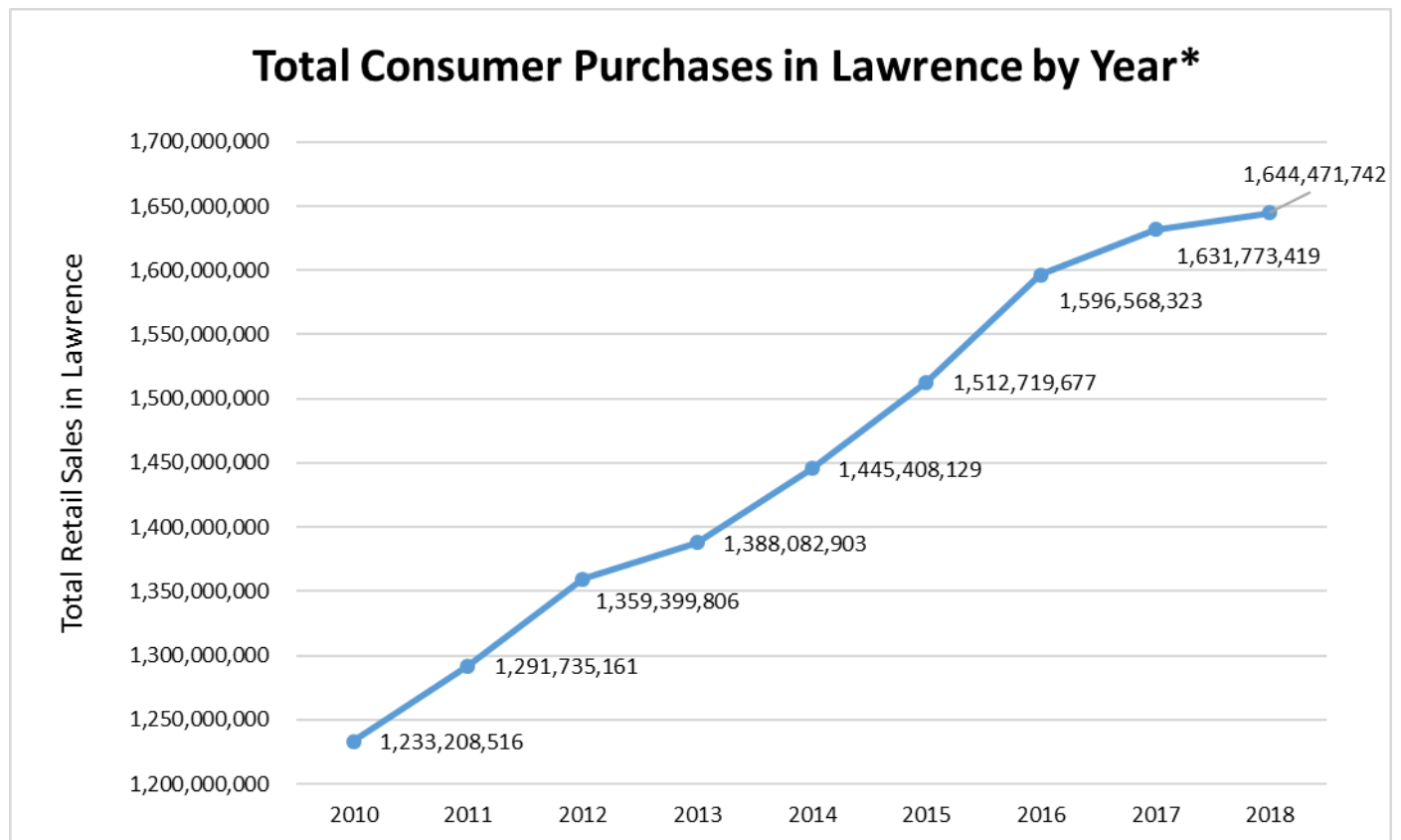
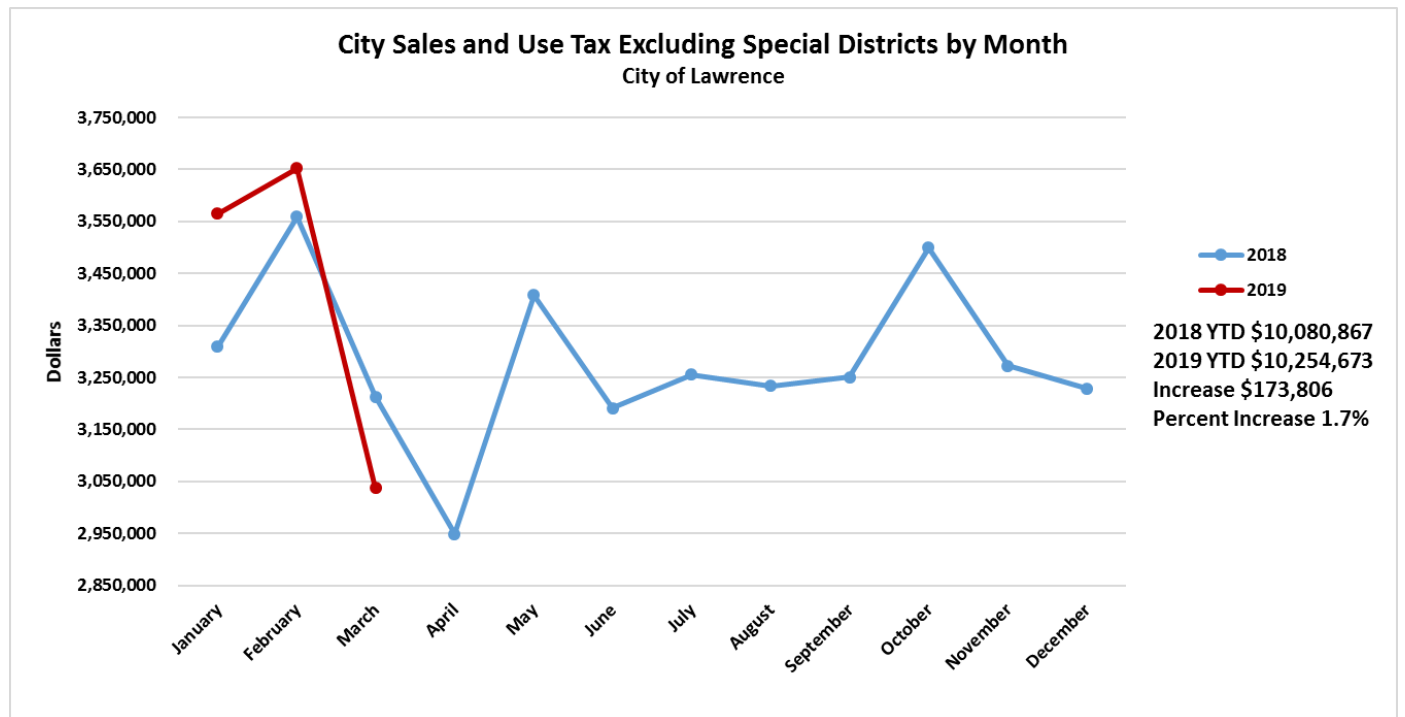
\*% of Year-to-Date collected: 26%. The 2019 Budget is \$40,622,000.

\*\*\$500,000 of Infrastructure Sales Tax to be receipted into Equipment Reserve Fund in 2019

\*\*\*Oread distribution is currently under review

## Sales Tax Trends

Year-to-date sales tax revenues saw a 1.7% increase over the same period in 2018. March 2019 saw a 5.5% decrease over the same month in 2018.



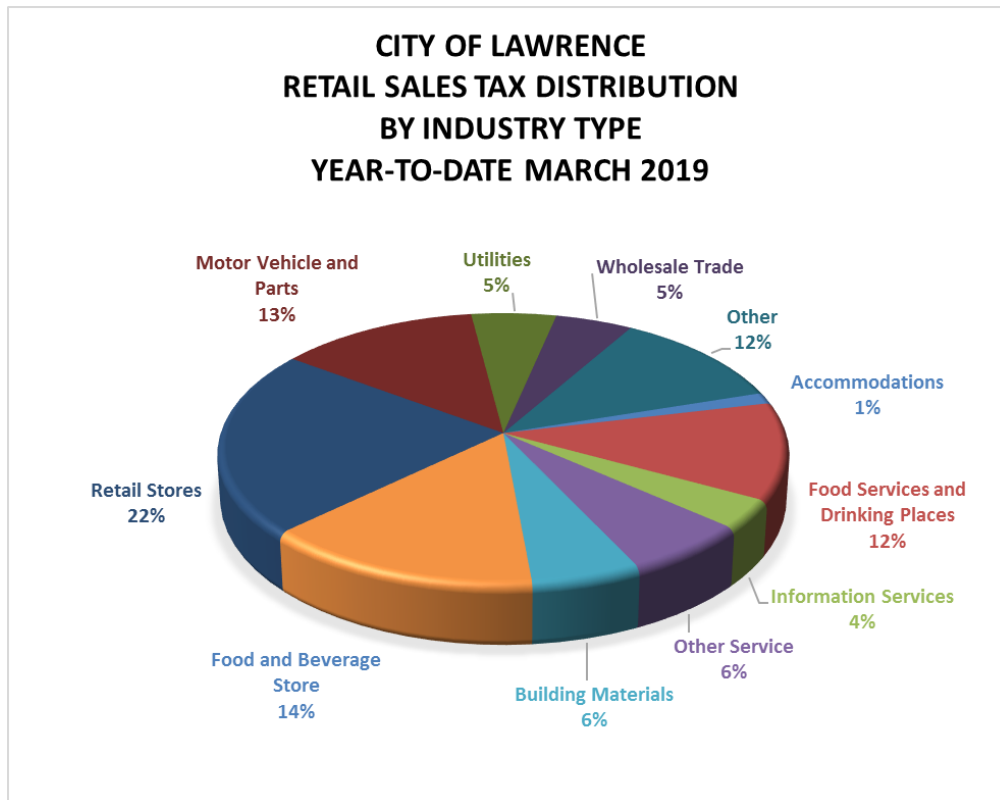
\*Based on Sales Tax Collections

## Retail Sales Tax Distribution

Retail sales within the City are from a wide variety of retailers. The collection by industry type, shown on the last table, do not vary materially from year to year, but do vary seasonally. The following charts includes March sales tax receipt from 2018-2019 by industry type. It also includes a comparative look of the March 2019 monetary and percent changes compared to March 2018.

The increase in the City's 2019 sales taxes year-to-date is attributed primarily to three key industries:

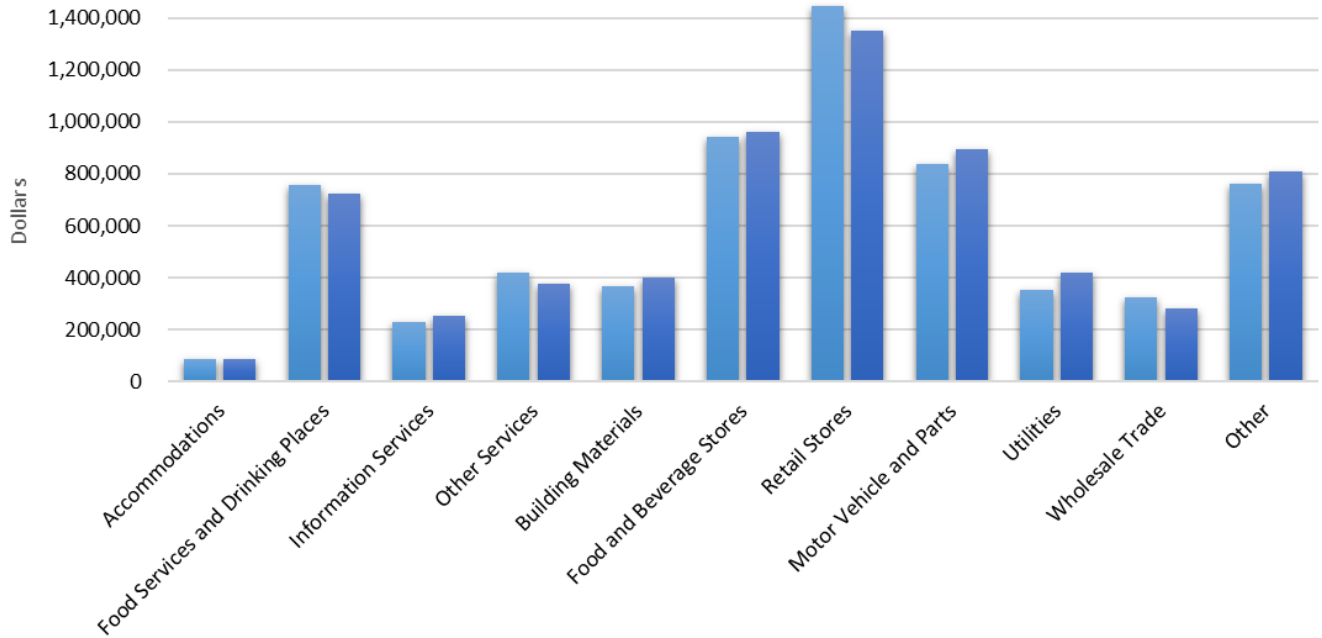
- 13% in Wholesale Trade
- 10% in Other Service
- 6% in Retail Stores



Industry Type - Month of March	2018	2019	FY19 vs. FY18	
			Increase	%
<b><i>Accommodations</i></b>	\$87,372.61	\$85,534.49	-\$1,838.12	-2%
<b><i>Food Services and Drinking Places</i></b>	725,599.46	755,784.51	30,185.05	4%
<b><i>Information Services</i></b>	252,233.16	228,358.36	(23,874.80)	-10%
<b><i>Other Service</i></b>	377,932.64	421,120.04	43,187.40	10%
<b><i>Building Materials</i></b>	402,026.02	369,120.47	(32,905.55)	-9%
<b><i>Food and Beverage Store</i></b>	959,886.41	939,752.99	(20,133.42)	-2%
<b><i>Retail Stores</i></b>	1,352,004.95	1,443,718.91	91,713.96	6%
<b><i>Motor Vehicle and Parts</i></b>	896,282.13	836,640.82	(59,641.31)	-7%
<b><i>Utilities</i></b>	417,506.00	354,270.18	(63,235.82)	-18%
<b><i>Wholesale Trade</i></b>	280,321.40	322,809.23	42,487.83	13%
<b><i>Other</i></b>	809,073.35	760,099.60	(48,973.75)	-6%
<b>Grand Total</b>	\$6,560,238.13	\$6,517,209.60	-\$43,028.53	-1%

**City of Lawrence**  
**Retail Sales Tax Distribution by Industry Type**  
**Month of March**

FY2019 FY2018





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STATE OF KANSAS  
**Jake LaTurner**  
TREASURER

TELEPHONE  
(785) 296-4151

NATALIA FAIRCHILD  
PO BOX 708  
LAWRENCE, KS 66044-0708

**March 26, 2019**

Dear Ms. Fairchild,

This is notice of a distribution from the State Treasurer for Lawrence, City Of. Our system sends email notices as soon as a distribution has been completed. You may have the emails sent to as many contacts as you like. Please call our office at 785-296-4153 to add or modify email addresses for your notifications.

You will receive an EFT to settle 03/29/2019. The details are as follows:

Detail Description	County	Amount
<b>Mar 2019 Transportation Dev Dist Tax</b>		
Lawrence Transportation	Douglas	19,096.42
Lawrence 2 Transportation	Douglas	5,575.50
Lawrence 9thnh Transport	Douglas	3,489.17
<b>Total for Mar 2019 Transportation Dev Dist Tax:</b>		<b>\$28,161.09</b>
<b>Mar 2019 Compensating Use Tax</b>		
City Tax File	Douglas	237,556.20
City Share From County Tax	Douglas	108,332.86
<b>Total for Mar 2019 Compensating Use Tax:</b>		<b>\$345,889.06</b>
<b>Mar 2019 Sales Tax</b>		
City Tax File	Douglas	1,936,572.57
City Share From County Tax	Douglas	771,199.53
<b>Total for Mar 2019 Sales Tax:</b>		<b>\$2,707,772.10</b>
<b>Grand Total Amount:</b>		<b>\$3,081,822.25</b>

Additional information can be found at [https://kansasstatetreasurer.com/dist\\_search.php](https://kansasstatetreasurer.com/dist_search.php) or contact our office at 785-296-4153 or [fiscal@treasurer.ks.gov](mailto:fiscal@treasurer.ks.gov).

Sincerely,

Shauna Wake  
Director Of Fiscal Services